

GENERAL INFORMATION

APPLICANT INSTRUCTIONS FOR EXAMINATION AND LICENSING – KRS 324.046

- (1) Contact the Commission for examination and license application information.
- (2) The requirements for licensure are as follows: (Each semester credit hour is equal to 16 clock hours.)

Broker

- 21 semester credit hours from an accredited college or university (must include 12 credit hours of real estate courses & 3 hours shall be in a brokerage management skills course).

Or

- 336 clock hours in real estate from a Commission approved private school (48 hours must be in a brokerage management skills course).

Sales Associate

- 6 semester credit hours in real estate from an accredited college or university.

Or

- 96 clock hours in real estate from a Commission approved private school.
- (3) **ALL** education courses must be completed **PRIOR** to taking the exam. Broker candidates must have also fulfilled the experience requirements.
 - (4) Questions regarding acceptance of specific courses should be directed to the Commission **PRIOR** to taking the exam. Exam scores may be voided if it is later discovered that the education and experience requirements have not been met. Exams are administered electronically at various locations. To make a reservation, you need to call the exam provider. You can call the Commission for the phone number of the current exam provider or you may access our website at www.krec.net. Candidate handbooks are available from your pre-license education provider.
 - (5) Candidates **must** apply for a license within 60 days of the test date.

AUCTIONEERS

Pursuant to an opinion of the Attorney General, OAG 65-759 dated October 20, 1965, a licensed real estate broker may not sell real estate at auction without an auctioneer's license and a licensed auctioneer may not sell real estate at auction without a real estate broker's license. It shall be considered improper dealing for an auctioneer to engage in any practice to obtain or negotiate a contract for the sale of real estate at auction, or to advertise, or conduct a sale of real estate at auction, without a license issued by the Kentucky Real Estate Commission.

However, there is nothing in this opinion to prevent a licensed real estate broker and a licensed auctioneer from participating jointly in such transactions for the sale of real estate at auction.

CHANGE OF BROKER AFFILIATION – KRS 324.310, 330

When the affiliation between a principal broker and a licensee ends, the following steps must be taken:

- (1) The principal broker must immediately forward the license to the Commission and sign the release statement on the back of the license.
- (2) The principal broker must send a communication to the sales associate indicating the release.
- (3) The Commission will send a notice to the licensee giving them 30 days to locate a new principal broker.
- (4) The new principal broker must forward a letter of acceptance to the Commission with a check made payable to the Kentucky Real Estate Commission in the amount of \$10.

Errors and omission insurance coverage must be in effect.

CHANGE OF LICENSE INFORMATION – KRS 324.330

A new license must be issued when a business address or firm name is changed. To make this change, use the following procedure:

- (1) Send all licenses to the Kentucky Real Estate Commission.
- (2) Outline in writing what change is to be made.
- (3) Attach a check made payable to the Kentucky Real Estate Commission at a cost of \$10 per license.

All licensees must notify the Commission of a surname change. Follow the above outlined process.

COMPLAINT AND HEARING PROCEDURES – KRS 324.151

If a person has a complaint against a real estate licensee, the Kentucky Real Estate Commission should be contacted for a complaint form and a copy of the statutes. Licensees against whom a complaint has been filed must follow the statutory provisions.

In addition, information regarding hearing procedures before the Kentucky Real Estate Commission is available. For further information, contact the Commission staff.

CLOSING GIFTS – 201 KAR 11:011

A closing gift cannot have a value of more than \$100.00. If you are giving a coupon or gift certificate card, the value is the amount of the benefit to the consumer, not what the licensee paid for the gift. A closing gift cannot be offered prior to closing and must be given to the customer/client at or after closing.

CONTINUING EDUCATION – 201 KAR 11:230

All licensees subject to the continuing education requirements must complete the Kentucky Core Course once every four years. Licensees who were originally licensed in Kentucky prior to

June 19, 1976 are exempt. The Core Course will satisfy the licensee's continuing education requirements for the calendar year in which it is taken. The course is a six-hour comprehensive review of the federal and state laws relating to the practice of real estate.

The year 2003 marks the beginning of the second four-year cycle, and those licensees who first completed the course in 1999 must complete the new course in 2003. The website and the fax-on-demand system include a schedule of Core Courses and a list of approved providers.

New licensees (first time exam and reciprocal applicants) will be assigned to the appropriate year in the cycle based on their birth month. All licensees who are required to complete the course within any given year will receive a courtesy postcard notice from the Commission in January.

CRIMINAL BACKGROUND CHECK – 201 KAR 11:430

Effective July 1, 2001, all persons applying for a Kentucky real estate license (including applicants for a sales associate's license, a broker's license and applicants for a reciprocal license) will be required to submit proof of an FBI Identification Records Check. The FBI Identification Records Check must be submitted to the Commission as part of the application for a real estate license. Applicants must request the forms from their local law enforcement agency, state police or the FBI. Then, the applicant must take the form to the police department in order to be fingerprinted. The Commission has determined that most county sheriff's departments, some city and county police departments or any state police post should be able to take your fingerprints. If you have problems with your fingerprint card, please contact the Commission for specific procedures. If the returned criminal background check reveals either a misdemeanor in the past five (5) years or a felony at any time, the applicant must notify the Commission within five (5) days. The Commission will investigate the conviction and either order a hearing or allow the applicant to proceed without a hearing.

The Commission recommends that applicants apply for the background check about 6 - 8 weeks before taking the examination. Applicants may take the test as long as they have completed the fingerprint process and have mailed their request to the FBI for the background check to be completed. **The criminal background check is only valid for six (6) months.** As always, applicants must complete all required coursework before taking the examination.

For more information, please call our fax-on-demand system at 1-888-573-2329 and request document #408.

EARNEST MONEY DEPOSITS – KRS 324.111 (4)

Earnest money deposits or contract deposits that have been placed into a broker's escrow account cannot be legally removed without performance on the contract, a mutual release signed by both parties or a court order.

ESCROW OF LICENSES – KRS 324.310

In order to place a license in escrow, the following steps must be taken:

- (1) The principal broker must sign the release statement on the back of the license and mail it to the Commission; and
- (2) The licensee must send a letter indicating that they want to place their license in escrow, provide a current residence address and attach a check for \$10 made payable to the Kentucky Real Estate Commission.

When a licensee is in escrow, the licensee **cannot engage in any real estate activities**. Also, the licensee will be required to pay the **annual renewal and recovery fund fees during the month of March**. In addition, the escrow licensee must maintain a **current home address**. After the license has been placed in escrow, the individual will receive a letter outlining the responsibilities referenced above. The licensee will also continue to receive Commission newsletters to keep them updated on real estate matters.

When a person wishes to reactivate their license, they must take the following steps:

- (1) The licensee is required to obtain a letter of acceptance from a principal broker, pay the activation fee of \$10, purchase errors and omissions insurance, and meet the continuing education requirement (agents licensed prior to June 19, 1976 shall not be required to take continuing education).
- (2) If a licensee has not completed the Kentucky Core Course within the previous four years, then the core course must be taken before the license can be changed from escrow to active.
- (3) Brokers wishing to open their own firm must pay the activation fee of \$10, purchase errors and omissions insurance, provide a letter stating the firm name and business address, and provide a letter signed by a bank official verifying the establishment of an escrow account and the account number.

ERRORS AND OMISSIONS INSURANCE – KRS 324.395 & 201 KAR 11:220

Those persons becoming licensed in Kentucky or whose licenses are being renewed must have errors and omissions insurance. This coverage can be obtained independently from one's own insurance agent or purchased from the group insurance provided by the Kentucky Real Estate Commission. For a certification of insurance form for those privately insured or information on the group program, please refer to our website at www.krec.net under Forms, Contracts and Informational Documents #500, or call our fax-on-demand system at 1-888-KRECFAX and request document #500.

HOME ADDRESS CHANGE – KRS 324.330

Any licensee who is changing his or her residence address must notify the Commission in writing within ten days of the address change. Simply send a postcard or letter to the Commission office. There is no charge for this change.

INDUCEMENTS – KRS 324.160(4)(m) & 201 KAR 11:121 Sec. 1(2)

It is illegal for licensees to offer any money, free gift, prize or any other thing of value to a customer or client as an inducement.

LICENSE RENEWAL – KRS 324.090

- All licenses expire on March 31 of each year and must be renewed on or before that date. Under the statute, failure to receive a notice of renewal is not an excusable reason for failing to renew.
- Each principal broker is responsible for renewing the licenses of all sales associates and brokers. A renewal notice will be sent to each principal broker.
- Failure to renew on time will result in a fine of \$100 for the first 45 days after the deadline. A fine of \$200 is in effect for the remainder of that license year. The renewal must be postmarked or hand-delivered to the Commission office on or before March 31.
- Each licensee will now receive a permanent license. New licenses will no longer be issued each year at renewal.

MEGAN'S LAW

Megan's Law requires individuals who have been convicted of sexual crimes to register with law enforcement officials once they are released from incarceration. Kentucky has a sex offender registry. Consumers can find out if there are any registered sex offenders in their neighborhood by contacting the local sheriff or by logging on the Kentucky State Police website at kspr.state.ky.us.

MULTIPLE OFFERS – 201 KAR 11:045

Licensees must submit all written offers to their clients as soon as possible. If a licensee receives more than one written offer on a piece of property, he or she must submit all of those offers as soon as possible.

OWNER'S CONSENT AND AUTHORIZATION

201 KAR 11:105 was amended to say that a written listing is needed when a broker advertises to the general public. The term "general public" was added to this regulation to clarify that word-of-mouth promotion is permissible without a listing. Also, a broker must now have written consent before placing a sign on a listed property. Before, the broker just needed the consent of the property owner.

RECIPROCAL LICENSES – KRS 324.141

In accordance with KRS 324.141, the Kentucky Real Estate Commission has entered into reciprocal licensing agreements with various states. A complete list of those states can be viewed on our website at krec.net. If a Kentucky real estate licensee desires another state's license through reciprocity, contact us to determine whether a reciprocal licensing agreement exists. Other states will require a certification of licensure from the Kentucky Commission. The certification that a license is in good standing can be obtained from the Commission by sending a written request and a \$10 check or money order.

Out-of-state licensees who desire a Kentucky license through reciprocity should also contact the Kentucky Commission. An application and instructions will be forwarded to them if they qualify for reciprocal licensing.

RECORDS RETENTION – 201 KAR 11:062

Requires brokers to retain records for five (5) years rather than four (4) years. Seller Disclosure Forms and Agency Disclosure Forms are specifically listed, as forms required to be retained.

STIGMATIZED PROPERTIES – KRS 324.160 4(b)

A stigmatized property is one that has a stigma based upon some event or some fact relevant to the property, such as murder, suicide, violent crime or the presence of ghosts. If a buyer is interested, he or she should ask the seller about any possible stigmas. If a seller is asked specific questions, he or she must answer those questions honestly. For licensees, this issue falls under KRS 324.160 4(b).

UNLICENSED PERSONAL ASSISTANT DUTIES – 201 KAR 11:440

This regulation explains what duties an unlicensed personal assistant, office worker, or clerical worker can and cannot perform. It also details the responsibilities of supervising an unlicensed individual. For a comprehensive overview, please reference the regulation. To obtain a detailed Personal Assistant Guidelines sheet, please call our fax-on-demand at 1-888-573-2329 and request document #710.

WITHOUT UNREASONABLE DELAY – 201 KAR 11:011

Without unreasonable delay means that earnest money deposits should be deposited within three (3) business days of creation of a contract.

